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COMMONWEALTH OF PENNSYLVANIA 2019 MAY 17 AM 9:08
BANKING AND SECURITIES COMMISSION

PA DEPARTMENT OF
BANKING AND SECURITIES

Commonwealth of Pennsylvania,	:	
Department of Banking and Securities,	:	
Bureau of Securities Compliance and	:	
Examinations	:	
	:	Docket No. 180018 (SEC-OSC)
v.	:	
	:	
Cerebrum Financial Services, LLC	:	
and Christopher Antoine Glover	:	
	:	

FINAL ORDER AFTER RECONSIDERATION

AND NOW, this 17th day of May 2019, the Pennsylvania Banking and Securities Commission ("Commission"), pursuant to its final adjudication authority under Section 1122-A of the Department of Banking and Securities Code, 71 P.S. § 733-1122-A, issues this Final Order After Reconsideration ("Order") in the matter of *Department of Banking and Securities, Bureau of Securities Licensing, Compliance and Examinations v. Cerebrum Financial Services, LLC and Christopher Antoine Glover*, Docket No. 180018 (SEC-OSC).

The Commission has considered the proposed report and proposed order of Hearing Officer Marc A. Moyer, which are attached, and which were served upon the parties by letter dated September 28, 2018. Neither party filed exceptions, and on November 20, 2018, the Commission

issued a Final Order adopting the hearing officer's proposed report and proposed order imposing a statutory bar and administrative assessment.¹

After receiving correspondence from Respondent Glover,² the Commission on December 20, 2018, granted reconsideration and vacated its Final Order. The Commission reopened this matter to address the assertions made by Mr. Glover in his letter, placing the matter on the agenda for its meeting of February 13, 2019. The Commission took action at that meeting, issuing an Interim order dated February 28, 2019, which stayed the matter until the Commission's next meeting. The Commission further ordered Mr. Glover to provide, no later than March 29, 2019, a verified statement setting forth certain information, including what actions he had taken to remedy violations alleged by the Bureau of Securities, Compliance and Examination ("Bureau"). The Commission also directed the Bureau to respond by April 15, 2019, to Mr. Glover's submissions.

Mr. Glover failed to submit a verified statement by the Commission's deadline of March 29, 2019. The Bureau filed a response within the deadline that the Commission had set for it. On April 19, 2019, the Commission received and docketed a submission from Mr. Glover, which was 21 days late. The Bureau filed a supplemental response addressing Mr. Glover's late submission.

On May 1, 2019, the Commission at its quarterly meeting voted unanimously to take the following action in this matter:

¹ The hearing officer proposed that Cerebrum Financial Services, LLC and Christopher Antoine Glover (collectively the "Respondents") be permanently barred from the securities business and pay an assessment in the amount of \$300,000, based on the deemed admitted violations of the Pennsylvania Securities Act of 1972 (the "1972 Act") and applicable regulations.

² Mr. Glover dated the letter November 6, 2018; the Commission docketed it on November 20, 2018.

First, the Commission rules that it will not consider Mr. Glover's tardy submission of April 19, 2019, or the Bureau's supplemental response to it. The Commission set a deadline for Mr. Glover, and Mr. Glover not only failed to meet the deadline but missed it by 21 days. The Commission believes that deadlines of Commonwealth agencies should count for something, and it therefore will not acquiesce in Mr. Glover's disregard of this important deadline.

Next, the Commission agrees with the hearing officer that the facts alleged by the Bureau have been deemed admitted due to the failure of Respondents to answer the Bureau's Motion to Deem Facts Admitted and Entry of Default Judgment.³ Accordingly, the Commission concludes that the Bureau has adequately proven that the Respondents willfully violated various provisions of the 1972 Act and applicable regulations as set forth in the hearing officer's proposed report.⁴

Although the hearing officer proposed that Respondents be permanently barred from the securities business based on these violations, the Commission desires to give Respondents an opportunity to bring themselves into compliance and continue to play a role in the securities community, and will therefore impose lesser sanctions than those the hearing officer proposed.

Based on the violations deemed admitted, the Commission **ORDERS** that, pursuant to section 602.1 (c) of the 1972 Act, 70 P.S. 1-602.1(c), Respondents jointly and severally shall pay an administrative assessment in the amount of Twenty-Five Thousand Dollars (\$25,000.00).

³ The Bureau served the default motion upon Respondents on August 16, 2018.

⁴ The hearing officer concluded that respondents violated 70 P.S. §§ 1-305(a)(v) and (xiii) and 10 Pa. Code §§ 303.012(i), 303.042(a)(4), and 304.022(a)(2), by, among other things, failing to meet the regulatory requirements for filing of balance sheets, maintaining a minimum net worth of \$10,000, and maintaining current and accurate information on Form ADVs.

The Commission further **ORDERS**, pursuant to section 1-512(a) of the 1972 Act, 70 P.S. 1-512(a), that each of the Respondents is **INDEFINITELY SUSPENDED and TEMPORARILY BARRED for at least one (1) year from the effective date of this Order**. The suspension and bar shall remain in effect unless and until all of the following conditions are met: (a) at least one (1) year has elapsed from the effective date of this Order; (b) Respondents have paid in full the administrative assessment set forth above; (c) Respondents request in writing that the Department remove the suspension and temporary bar; and (d) Respondents in the Bureau's sole judgment have remedied the violations and have otherwise come into compliance with the 1972 Act and regulations. So long as the bar is in effect, Respondents shall be barred from each of the following activities:

1. Representing an issuer offering or selling securities in this Commonwealth;
2. Acting as a promoter, officer, director or partner of an issuer (or an individual occupying a similar status or performing similar functions) offering or selling securities in this Commonwealth, or of a person who controls or is controlled by such issuer;
3. Being registered as a broker-dealer, agent, investment adviser or investment adviser representative under Section 301 of the 1972 Act;
4. Being an affiliate of any person registered under Section 301 of the 1972 Act; or
5. Relying upon an exemption from registration contained in Section 202, 203 or 302 of the 1972 Act.

Respondents shall pay the administrative assessment by mailing a certified check, attorney's check, or U.S. Postal Service money order, made payable to the "Commonwealth of Pennsylvania," to the following official:

Linnea Freeberg
Docket Clerk
Department of Banking and Securities
Market Square Plaza
17 N. Second Street, Suite 1300
Harrisburg, PA 17101

The Order shall be effective 30 days after the Commission issues it.

BY ORDER OF THE COMMISSION:

Redacted

James R. Biery

Chair

Pennsylvania Banking and Securities Commission

So ORDERED this 17th day of May, 2019

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

FILED

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PA DEPARTMENT OF
BANKING AND SECURITIES

Commonwealth of Pennsylvania, :
Department of Banking and : Docket No. 180018(SEC-OSC)
Securities, Bureau of Securities :
Licensing, Compliance and Examinations :
v. :
Cerebrum Financial Services, LLC and :
Christopher Antoine Glover, :
Respondents :

PROPOSED REPORT

Marc A. Moyer, Esquire
Hearing Officer

Commonwealth of Pennsylvania
Governor's Office of General Counsel
Department of State
P.O. Box 2649
Harrisburg, PA 17105-2649
(717) 346-1564

HISTORY

The Commonwealth of Pennsylvania, Department of Banking and Securities, Bureau of Securities Compliance and Examinations (the "Department") initiated this matter on May 30, 2018, through its filing of a three-count Order to Show Cause ("OTSC") and Notice to Answer and Request a Hearing ("Notice") against Respondents Cerebrum Financial Services, LLC and Christopher Antoine Glover based upon their failure to maintain a sufficient minimum net worth of \$10,000.00 in violation of the Department's regulations at 10 Pa.Code §303.042(a)(4) and the Pennsylvania Securities Act of 1972, 70 P.S. §1-101 *et. seq.* (the "Act") at 70 P.S. §1-305(a)(v), their failure to respond to the Department's request for information, in violation of the Act at 70 P.S. §1-305(a)(xiii), and their failure to amend the balance sheet in violation of the Act at 70 P.S. §1-305(a)(v), and the Department's regulations at 10 Pa.Code §303.012(i). On May 30, 2018, the Department served the Notice and OTSC upon the Respondents by certified and first-class mail sent to their address on file with the Department, 2098 West Chester Pike, Suite 201, Broomall, PA 19008. United States Postal Service tracking information indicated that the certified mailings were not delivered. However, the first-class mailings were not returned to the Department. Service of the Notice and Order To Show Cause upon Respondents in the foregoing manner was in accordance with the requirements of the General Rules of Administrative Practice and Procedure ("GRAPP"), at 1 Pa.Code §33.31.

The Notice attached to the OTSC advised Respondents of their right to challenge the charges against them by filing Answers to the OTSC within 30 days. The Notice also advised Respondents that they will have waived their right to a hearing and that the Department may enter a final order against them if they do not file Answers to the OTSC. Respondents were also notified as follows:

Your Answer must be in writing. Your Answer must specifically admit or deny the allegations in the Order, set forth the facts you rely upon, and state concisely the law upon which you rely. General denials of the allegations set forth in the Order are not sufficient; you must support your denials with specific facts. Failure to support your denials with specific facts may cause the Commission to deem the facts in the Order as admitted and to enter a final order against you, without a hearing.

Respondents did not file Answers to the OTSC.

On July 27, 2018, the Secretary of Banking and Securities designated Marc A. Moyer, Esquire to serve as the Hearing Officer for the Department in this matter. On August 16, 2018, the Bureau filed and served upon Respondents a *Motion to Deem Facts Admitted and Entry of Default Judgment* ("MDFA") at Respondent's address of record with the Department. The MDFA alleged that the Bureau served the Notice and OTSC upon Respondents, and advised them that they had 30 days for which to file an Answer to the OTSC; that the first-class mailings of the Notice and OTSC to Respondents were not returned for being undelivered, thereby evidencing that Respondents have been properly served with the OTSC; that Respondents did not file Answers to the OTSC; and that more than thirty days have passed since the date of service of the OTSC. Accordingly, the Department moved to have the facts set forth in the OTSC, and accompanying exhibits, deemed admitted. Respondents failed to respond to the MDFA.

The Hearing Officer issued an *Order Deeming Facts Admitted and Entering Judgment by Default* on August 31, 2018. The Order entered judgment by default against Respondents; deemed the factual allegations of Paragraphs 1 through 25 of the OTSC admitted; and advised Respondents that a Proposed Report and Order recommending appropriate sanctions would be issued forthwith. The matter is now before the Secretary of Banking and Securities for final disposition.

FINDINGS OF FACT

1. The Department is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the Act. (August 31, 2018 Order; Official Notice-Department records).
2. The Department's Bureau of Securities Compliance and Examinations is primarily responsible for administering and enforcing the Act for the Department. (August 31, 2018 Order; Official Notice-Department records).
3. The Department's Bureau of Securities Compliance and Examinations operates from the Department's main office located at 17 North Second Street, Suite 1300, Harrisburg, Pennsylvania 17101. (August 31, 2018 Order; Official Notice-Department records).
4. On the Uniform Application for Investment Adviser Registration ("Form ADV"), Respondent CFS (CRD # 167030) lists its principal place of business at 1022 East Lancaster Avenue, Suite 105, Bryn Mawr, Pennsylvania 19010 ("ADV Address"). (August 31, 2018 Order; Official Notice-Department records).
5. On the Form ADV, Respondent Glover (CRD # 4121383) lists his business address as the ADV Address. (August 31, 2018 Order; Official Notice-Department records).
6. From in or about September 2015 until the present, Respondent CFS has been registered as an investment adviser pursuant to 70 P.S. § 1-301(c). (August 31, 2018 Order; Official Notice-Department records).
7. From in or about April 2013 until present, Respondent Glover has been registered as an investment adviser representative of Respondent CFS pursuant to 70 P.S. § 1-301(c). (August 31, 2018 Order; Official Notice-Department records).

8. From in or about April 2013 until present, Respondent Glover was the managing member and chief compliance officer of Respondent CFS. (August 31, 2018 Order; Official Notice-Department records).

9. As the managing member and chief compliance officer of Respondent CFS, Respondent Glover acted as an "affiliate" of Respondent CFS within the meaning of Section 102(b) of the Act at 70 P.S. §1-102(b), and, as such, caused Respondent CFS to commit the acts alleged in the OTSC. (August 31, 2018 Order; Official Notice-Department records).

10. At all times material to the OTSC, Respondent CFS has had discretionary authority over client funds or securities. (August 31, 2018 Order; Official Notice-Department records).

11. Pursuant to 10 Pa.Code §303.042(a)(4), an investment adviser that has its principal place of business in this Commonwealth, and has discretionary authority over client funds or securities shall maintain at all times a minimum net worth of \$10,000.00 (August 31, 2018 Order; Official Notice-Department records).

12. On or about September 11, 2017, pursuant to 10 Pa.Code §304.022(a)(2), Respondent CFS submitted to the Department a balance sheet for the period ending September 1, 2017 that disclosed a net worth deficiency. (August 31, 2018 Order; Official Notice-Department records).

13. On September 18, 2017, the Department's staff ("Staff") sent Respondent CFS a letter via first-class mail to Respondent CFS' ADV Address requesting clarification regarding deficiencies noted on Respondent CFS's balance sheet. Staff's letter was returned to the Department as not deliverable. (August 31, 2018 Order; Official Notice-Department records).

14. On September 28, 2017, Staff emailed Respondent Glover to request a current mailing address for Respondent CFS and Respondent Glover. Respondent Glover provided Staff with a current mailing address for Respondent CFS and Respondent Glover at 2098 West Chester Pike,

Suite 201, Broomall, Pennsylvania 19008 ("New Address"). (August 31, 2018 Order; Official Notice-Department records).

15. On November 17, 2017, Staff sent Respondent CFS a second letter via certified mail to the New Address requesting clarification regarding deficiencies noted on Respondent CFS's balance sheet. The United States Postal Service ("USPS") tracking information indicated that delivery of the certified mail was never attempted at the New Address. (August 31, 2018 Order; Official Notice-Department records).

16. On December 15, 2017, Staff sent Respondent CFS a third and final letter via certified mail to the New Address requesting clarification regarding multiple deficiencies noted on Respondent CFS's updated balance sheet. The Department received a signature card indicating receipt of the December 15, 2017 letter by Respondent CFS on December 19, 2017, and USPS tracking information indicates that the letter was delivered on December 18, 2017 at the New Address. (August 31, 2018 Order; Official Notice-Department records).

17. To date, Respondent CFS has not responded in any manner to the Department's requests for clarification. (August 31, 2018 Order; Official Notice-Department records).

18. 10 Pa.Code §303.012(i) provides that "[a]n investment adviser registered under the act shall take steps necessary to ensure that material information contained in its Form ADV and exhibits remains current and accurate. If a material statement made in Form ADV and exhibits becomes incorrect or inaccurate the investment adviser shall file with the Commission an amendment on Form ADV within 30 days of the occurrence of the event which requires the filing of the amendment." (10 Pa.Code §303.012(i); August 31, 2018 Order; Official Notice-Department records).

19. Respondent CFS did not file an amendment on Form ADV indicating a change of address for Respondent CFS. (August 31, 2018 Order; Official Notice-Department records).

20. On May 30, 2018, the Department issued and served upon Respondents a Notice and OTSC directing that they show cause why the Department should not impose sanctions and remedies against them based upon their alleged violations of the Act. (Official Notice – Department records) ¹.

21. Respondents were notified that their Answer to the OTSC must be in writing and must specifically admit or deny the allegations in the OTSC; that general denials of the allegations set forth in the OTSC would not be sufficient; and that a failure to support their denials with specific facts may cause the Department to deem the facts set forth in the OTSC to be admitted and a final order against them to be entered without a hearing. (Official Notice – Department records).

22. On May 30, 2018, the Department served the Notice and OTSC upon the Respondents by certified and first-class mail sent to their address on file with the Department, 2098 West Chester Pike, Suite 201, Broomall, PA 19008. United States Postal Service tracking information indicated that the certified mailings were not delivered. However, the first-class mailings were not returned to the Department. (Official Notice – Department records).

23. Respondents did not file an Answer to the OTSC. (Official Notice – Department records).

24. The Department filed and served upon Respondents a *Motion to Deem Facts Admitted and Entry of Default Judgment* (“MDFA”) on August 16, 2018. (Official Notice – Department records).

¹ Official notice of such matters as might be judicially noticed by courts is permissible under the General Rules of Administrative Practice and Procedure, 1 Pa Code §35.173, which provides, in pertinent part, as follows:

§35.173. Official notice of facts

Official notice may be taken by the agency head or the presiding officer of such matters as might be judicially noticed by the courts of this Commonwealth, or any matters as to which the agency by reason of its functions is an expert. . . .

1 Pa Code §35.173. See also, *Falasco v Commonwealth of Pennsylvania Board of Probation and Parole*, 521 A 2d 991, 994 n. 6. (Pa. Cmwlth 1987).

25. Respondents did not respond to the MDFA. (Official Notice – Department records).
26. *An Order Deeming Facts Admitted and Entering Judgment by Default* was issued against Respondents on August 31, 2018. (Official Notice – Department records).

CONCLUSIONS OF LAW

1. The Commission has jurisdiction in this matter. 70 P.S. §§1-101 *et. seq.* (Finding of Fact, Nos. 1-11).
2. Respondents were properly served with the Notice and OTSC and, therefore, have been afforded an opportunity to be heard in this proceeding in accordance with the Administrative Agency Law, 2 Pa.C.S. §504. (Finding of Fact, Nos. 20-25).
3. Respondent Glover acted as an “affiliate” of Respondent CFS within the meaning of the Act at all times material to the Order to Show Cause. (70 P.S. §1-102(b)).
4. As the managing member and chief compliance officer of Respondent CFS, Respondent caused Respondent CFS to commit the acts which constitute violations of the Act. (70 P.S. §1-102(b)).
5. The Department is authorized to deny, suspend, revoke, censure or condition the registration of Respondent CFS and Respondent Glover pursuant to 70 P.S. §1-305(a)(v) and at 10 Pa.Code §303.042(a)(4) for having failed to maintain a sufficient minimum net worth of \$10,000.00 while having discretionary authority over client funds or securities, and while engaging in the securities business as an investment adviser in the Commonwealth of Pennsylvania.
6. The Department is authorized to deny, suspend, revoke, censure or condition the registration of Respondent CFS and Respondent Glover pursuant to 70 P.S. §1-305(a)(xiii) for having refused to furnish information reasonably requested of them by the Department.

7. The Department is authorized to deny, suspend, revoke, censure or condition the registration of Respondent CFS and Respondent Glover pursuant to 70 P.S. §1-305(a)(v), and 10 Pa.Code §303.012(i) for having failed to take steps necessary to ensure that material information contained in its Form ADV remains current and accurate, and for having failed to file with the Department an amendment on Form ADV within 30 days of the occurrence of an event which requires the filing of the amendment.

DISCUSSION

The Department's Regulations at 10 Pa.Code §304.022 required Respondents to file with the Department an audited balance sheet as of the end of each fiscal year. The facts deemed admitted show that Respondents last submitted a balance sheet to the Department for the period ending September 1, 2017. However, the balance sheet disclosed a deficiency related to Respondents' minimum net worth pursuant to 10 Pa.Code §303.042(a)(4). Based upon Respondents' submission of a deficient balance sheet to the Department, and their subsequent failure to respond to the Department's request for clarifying information, the Department now alleges that Respondents have violated the Act at 70 P.S. §§1-305(a)(v) and (a)(xiii), and the Department's regulations at 10 Pa.Code §§303.042(a)(4) and 303.012(i)². The Act provides, in pertinent part, as follows:

§1-305. Denial, suspension, revocation and conditioning of registration

(a) The department may, by order, deny, suspend, revoke or condition any registration or may censure any registrant if it finds that such order is in the public interest and that such registrant or applicant, or in the case of any broker-dealer or investment adviser, any affiliate thereof, whether prior or subsequent to becoming associated with such person:

²Paragraphs 18 and 25 of the Department's OTSC contain typographical errors in the form of citing to the Department's regulations at 10 Pa Code §303.012(d), instead of 10 Pa.Code §303.012(i). Because the text of Paragraph 18 correctly quotes from 10 Pa.Code §303.012(i), the Department's incorrect citation is found to be harmless error. *See, Sharp Convalescent Home v. Department of Public Welfare*, 300 A.2d 909, 911 (Pa. Cmwlth. 1972).

(v) Has wilfully violated any provision of the Securities Act of 1933 (48 Stat. 74, 15 U.S.C. § 77a et seq.), the Securities Exchange Act of 1934, the Trust Indenture Act of 1939 (53 Stat. 1149, 15 U.S.C. § 77aaa et seq.), the Investment Advisers Act of 1940 (54 Stat. 847, 15 U.S.C. § 80b-1 et seq.), the Investment Company Act of 1940 (54 Stat. 789, 15 U.S.C. § 80a-1 et seq.), the Commodity Exchange Act,¹ any law of a foreign country governing or regulating any aspect of the business of securities, commodities futures or banking or this act, or of any rule, regulation or order under any of such statutes within the previous ten years; or

(xiii) Has made any material misrepresentation to or withheld or concealed from or omitted to state to the department or any of its representatives any material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, or has refused to furnish information reasonably requested by the department within the previous ten years;

70 P.S. §§1-305(a)(v) and (xiii).

The Department's regulations at 10 Pa.Code §§303.012(i), 303.042 (a)(4) and 304.022(a)(2) provide, in pertinent part, as follows:

§303.012. Investment adviser registration procedure.

(i) An investment adviser registered under the act shall take steps necessary to ensure that material information contained in its Form ADV and exhibits remains current and accurate. If a material statement made in Form ADV and exhibits becomes incorrect or inaccurate the investment adviser shall file with the Department an amendment on Form ADV within 30 days of the occurrence of the event which requires the filing of the amendment.

§303.042. Investment adviser capital requirements.

(a) *Net worth requirements.*

(4) An investment adviser that has its principal place of business in this Commonwealth and has discretionary authority over client funds or securities but does not have custody of client funds or securities shall maintain a minimum net worth of \$10,000, unless the investment adviser places trade orders with a broker-dealer under a third-party trading agreement and the following conditions are met:

§304.022. Investment adviser required financial reports.

(a) An investment adviser registered under section 301 of the act (70 P.S. §1-301) that has custody of client funds or securities or requires prepayment of advisory fees 6 months or more in advance and in excess of \$1,200 per client shall

file with the Department an audited balance sheet as of the end of its fiscal year with the following conditions:

(2) The accountant shall submit, as a supplementary opinion, comments based on the audit as to material inadequacies found to exist in the accounting system, the internal accounting controls and procedures for safeguarding securities and funds, and shall indicate corrective action taken or proposed.

The degree of proof required to establish a case before an administrative tribunal in an action of this nature is a preponderance of the evidence. *Lansberry v. Pennsylvania Public Utility Commission*, 578 A.2d 600, 602 (Pa. Cmwlth. 1990). A preponderance of the evidence is generally understood to mean that the evidence demonstrates a fact is more likely to be true than not to be true, or if the burden were viewed as a balance scale, the evidence in support of the Department's case must weigh slightly more than the opposing evidence. *Se-Ling Hosiery, Inc. v. Margulies*, 70 A.2d 854, 856 (Pa. 1949). The Department, therefore, has the burden of proving the charges against Respondents with evidence that is substantial and legally credible, not by mere "suspicion" or by only a "scintilla" of evidence. *Lansberry*, 578 A.2d at 602.

The factual allegations of the OTSC have been deemed admitted, by default. Hence, any objection by Respondents to the accuracy of the factual averments is waived. The facts deemed admitted establish that Respondents were required to maintain a minimum net worth of \$10,000.00, and that the balance sheet submitted to the Department did not reflect that Respondents had maintained that minimum amount. The admitted facts also establish that Respondents failed to amend their balance sheet and/or respond to the Department's repeated requests for clarifying information regarding their minimum net worth. The foregoing actions by Respondents, therefore, establish by a preponderance of the evidence that they are in violation of the Department's regulations at 10 Pa.Code §§303.012(j), 303.042(a)(4) and 304.022(a)(2) and, in turn, the Act at 70 P.S. §§1-305(a)(v) and (a)(xiii) for having ignored the Department's

repeated requests for clarification and/or updated information after being placed on notice of the deficiency reflected on their balance sheet.

Sanctions

When the Department determines that a person has willfully violated the Act, the sanctions that may be imposed by the Commission are wide-ranging. For example, the Act at 70 P.S. §1-512(a), the Commission may issue an order which bars, conditionally or unconditionally and either permanently or for such period of time as it shall determine, such person from:

- (1) Representing an issuer offering or selling securities in this State;
- (2) Acting as promoter, officer, director or partner of an issuer (or an individual occupying a similar status of performing similar functions) offering or selling securities in this State or of a person who controls or is controlled by such issuer;
- (3) Being registered as a broker-dealer, agent, investment adviser or investment adviser representative under section 301;
- (4) Being an affiliate of any person registered under section 301;
or,
- (5) Relying upon an exemption from registration contained in section 202, 203 or 302.

The Act at Section 602.1 authorizes and, in some instances, requires assessments to be imposed.

For example subsection (b) provides:

§1-602.1. Assessments

(b) A registrant, applicant for registration, issuer or other person upon whom the commission has conducted an examination, audit, investigation or prosecution and who has been determined by the commission to have violated this act or rule or order of the commission under this act shall pay for all the costs incurred in the conduct of such examination, audit, investigation or prosecution. These costs shall include, but not be limited to, the salaries and other compensation paid to clerical, accounting, administrative, investigative, examiner and legal personnel, the actual amount of expenses reasonably incurred by such personnel and the

commission in the conduct of such examination, audit, investigation or prosecution, including a pro-rata portion of the commission's administrative expenses.

70 P.S. §1-602.1(b).³

Subsection (c) similarly provides, in pertinent part:

(c) After giving notice and opportunity for a hearing, the commission may issue an order accompanied by written findings of fact and conclusions of law which imposes an administrative assessment in the amounts provided in paragraph (1) against a broker-dealer, agent, investment adviser or investment adviser representative registered under section 301 or an affiliate of any broker-dealer or investment adviser where the commission determines that the person willfully has violated this act. . . or has engaged in dishonest or unethical practices in the securities business. . . or has failed reasonably to supervise its agents or employes or against any other person if the department determines that the person wilfully violated section 301, 401, 404, 406 through 409 or 512(d).

(1) The commission, in issuing an order under this subsection, may impose the administrative assessments set forth below. Each act or omission that provides a basis for issuing an order under this subsection shall constitute a separate violation.

(i) In issuing an order against any broker-dealer, agent, investment adviser or investment adviser representative registered under section 301 or an affiliate of any broker-dealer or investment adviser, the commission may impose an administrative assessment of up to fifty thousand dollars (\$50,000) for a single violation or up to five hundred thousand dollars (\$500,000) for multiple violations in a single proceeding or a series of related proceedings. . . .

(ii) In issuing an order against a person for willful violation of section 401(a) or (c). . . the commission may impose an administrative assessment of up to fifty thousand dollars (\$50,000) for a single violation or up to three hundred thousand dollars (\$300,000) for multiple violations in a single proceeding or a series of related proceedings. . . .

70 P.S. §1-602.1(c).

Through its OTSC, the Department requests that Respondents' registrations be suspended, revoked or conditioned, or that Respondents be censored for their conduct pursuant

³The Department requests that Respondents be assessed the costs of investigation pursuant to the Act at 70 P.S. §1-602.1(b). Because the record fails to establish the costs of investigation incurred by the Department, the Department has failed to satisfy its burden of proof on that issue.

to 70 P.S. §1-305. The Department additionally requests that Respondents be barred from the following activities: 1) Representing an issuer offering or selling securities in this State; 2) Acting as a promoter, officer, director or partner of an issuer (or an individual occupying a similar status or performing similar functions) offering or selling securities in this State or of a person who controls or is controlled by such issuer; 3) Being registered as a broker-dealer, agent, investment adviser or investment adviser representative under Section 301 of the 1972 Act; 4) Being an affiliate of any person registered under Section 301 of the 1972 Act; or 5) Relying upon an exemption from registration contained in Section 202, 203 or 302 of the Act. The Department also asks that Respondents be administratively assessed up to \$100,000.00 for each act or omission constituting a willful violation of the Act, pursuant to 70 P.S. §1-602.1(c).

Notably, Respondents seemingly recognize the gravity of their actions because they have elected to not contest the Department's allegations, and have not requested to appear at an administrative hearing to present mitigating evidence regarding the remedies and sanctions requested by the Department, despite receiving notice of the charges and having an opportunity to be heard. Owing to the nature of the violations at issue, Respondents' repeated refusal to respond to the Department's inquiries, and the Department's responsibility to regulate the securities industry in a manner that safeguards the public, the sanctions and remedies recommended by the Department are appropriate. The following Proposed Order shall issue:

**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES**

Commonwealth of Pennsylvania,	:	
Department of Banking and	:	Docket No. 180018(SEC-OSC)
Securities, Bureau of Securities	:	
Licensing, Compliance and Examinations	:	
v.	:	
Cerebrum Financial Services, LLC and	:	
Christopher Antoine Glover,	:	
Respondents	:	

PROPOSED ORDER

AND NOW, this 26th day of September 2018, upon consideration of the foregoing Findings of Fact, Conclusions of Law, and Discussion, it is hereby **ORDERED** that Respondents **Cerebrum Financial Services, LLC and Christopher Antoine Glover** shall be, and are hereby **PERMANENTLY BARRED**, pursuant to Section 512 of the 1972 Act, from:

- a. Representing an issuer offering or selling securities in the Commonwealth of Pennsylvania;
- b. Acting as a promoter, officer, director or partner of an issuer (or an individual occupying a similar status or performing similar functions) offering or selling securities in the Commonwealth of Pennsylvania, or of a person who controls or is controlled by such issuer;
- c. Being registered as a broker-dealer, agent, investment adviser or investment adviser representative under Section 301 of the 1972 Act;
- d. Being an affiliate of any person registered under Section 301 of the 1972 Act; or,

e. Relying upon an exemption from registration contained in Section 202, 203 or 302 of the 1972 Act.

It is further **ORDERED** that Respondents, **Cerebrum Financial Services, LLC** and **Christopher Antoine Glover**, are jointly and severally assessed the amount of \$300,000.00 pursuant to 70 P.S. §1-602.1(c). Payment of the administrative assessment shall be by certified check, attorney's check or U.S. Postal Service money order, made payable to the "Commonwealth of Pennsylvania," and shall be mailed within thirty (30) days of the effective date of the Commission's Final Order in this matter, to:

David Murren, Counsel
Banking and Securities Commission
Market Square Plaza
17 N. Second Street, Suite 1300
Harrisburg, PA 17101

Redacted

~~Marc A. Moyer, Esquire~~
~~Hearing Officer~~

For the Department:

David Murren, Esquire
Assistant Counsel
Commonwealth of Pennsylvania
Office of Chief Counsel
Department of Banking and Securities
Market Square Plaza
17 North Second Street, Suite 1300
Harrisburg, PA 17101

Respondents:

Cerebrum Financial Services, LLC
2098 West Chester Pike, Suite 201
Broomall, PA 19008

Christopher Antoine Glover
2098 West Chester Pike, Suite 201
Broomall, PA 19008

Docket Clerk:

Linnea Freeberg
Commonwealth of Pennsylvania
Department of Banking and Securities
Market Square Plaza
17 North Second Street, Suite 1300
Harrisburg, PA 17101

Date of mailing:

9/28/18

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

FILED

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND
SECURITIES, BUREAU OF SECURITIES
LICENSING, COMPLIANCE AND
EXAMINATIONS

PETITIONER,

v.

CEREBRUM FINANCIAL SERVICES, LLC
AND CHRISTOPHER ANTOINE GLOVER
d/b/a D&M AUTO SALES

RESPONDENT.

2018 SEP 28 AM 9:17

PA DEPARTMENT OF
BANKING AND SECURITIES

Docket No. : 180018 (SEC-OSC)

CERTIFICATE OF SERVICE

I hereby certify that on September 28th, 2018, I served a true and correct copy of the attached Letter and Proposed Report in accordance with the requirements of 1 Pa. Code § 33.31 (relating to service by agency), in the manner indicated below.

Via Hand Delivery:

David Murren
Assistant Counsel
Department of Banking and Securities
17 N. Second Street, Suite 1300
Harrisburg, PA 17101

By United States First Class Mail:

Cerebrum Financial Services, LLC
2098 West Chester Pike, Suite 201
Broomall, PA 19008

Christopher Antoine Glover
2098 West Chester Pike, Suite 201
Broomall, PA 19008

Bv:

Redacted

Linnea Freeberg, Docket Clerk
PA Department of Banking and Securities
17 North Second Street, Suite 1300
Harrisburg, Pennsylvania 17101

